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The Effect of 9/11 on the Fire Fighter Labor Market

Kathleen Frawley

Illinois Wesleyan University

Michael Seeborg, Faculty Advisor

Illinois Wesleyan University

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Poster Presentation P21

THE EFFECT OF 9/11 ON THE FIRE FIGHTER LABOR MARKET

Kathleen Frawley and Michael Seeborg*
Economics Department, Illinois Wesleyan University

On September 11, 2001, three planes, hijacked by terrorists flew into the World Trade Center Towers and the Pentagon. As thousands of people fled these terrifying scenes of destruction, it was the fire fighters and first responders that went running toward them to save lives. In the post-September Eleventh world, fire fighters are now responsible for doing even more to save the lives of American citizens. The increased demand for fire fighters and their services has manifested itself in the form of increased grants for equipment, more mandatory training, and greater roles and responsibilities in preventing, responding to, and recovering from acts of terrorism. Under the framework of derived demand, this paper hypothesizes that the increase in demand for fire protection services has led to a rightward shift in demand in the fire fighter labor market, producing increased employment levels and wages. This theory is tested by estimating supply and demand equations for fire fighter employment and wages with a focus on how the increased risk associated with 9/11 effects fire fighter employment and wages. Using a regression method that allows us to estimate these supply and demand equations simultaneously, we can control for the factors, such as unemployment, that influence both supply and demand simultaneously and estimate the effect September Eleventh has had on the fire fighter labor market. This paper finds that while 9/11 has had some effect on fire fighter wage, it has not caused any change in fire fighter employment levels; a problem which must be dealt with in the labor intensive field of fire fighting.